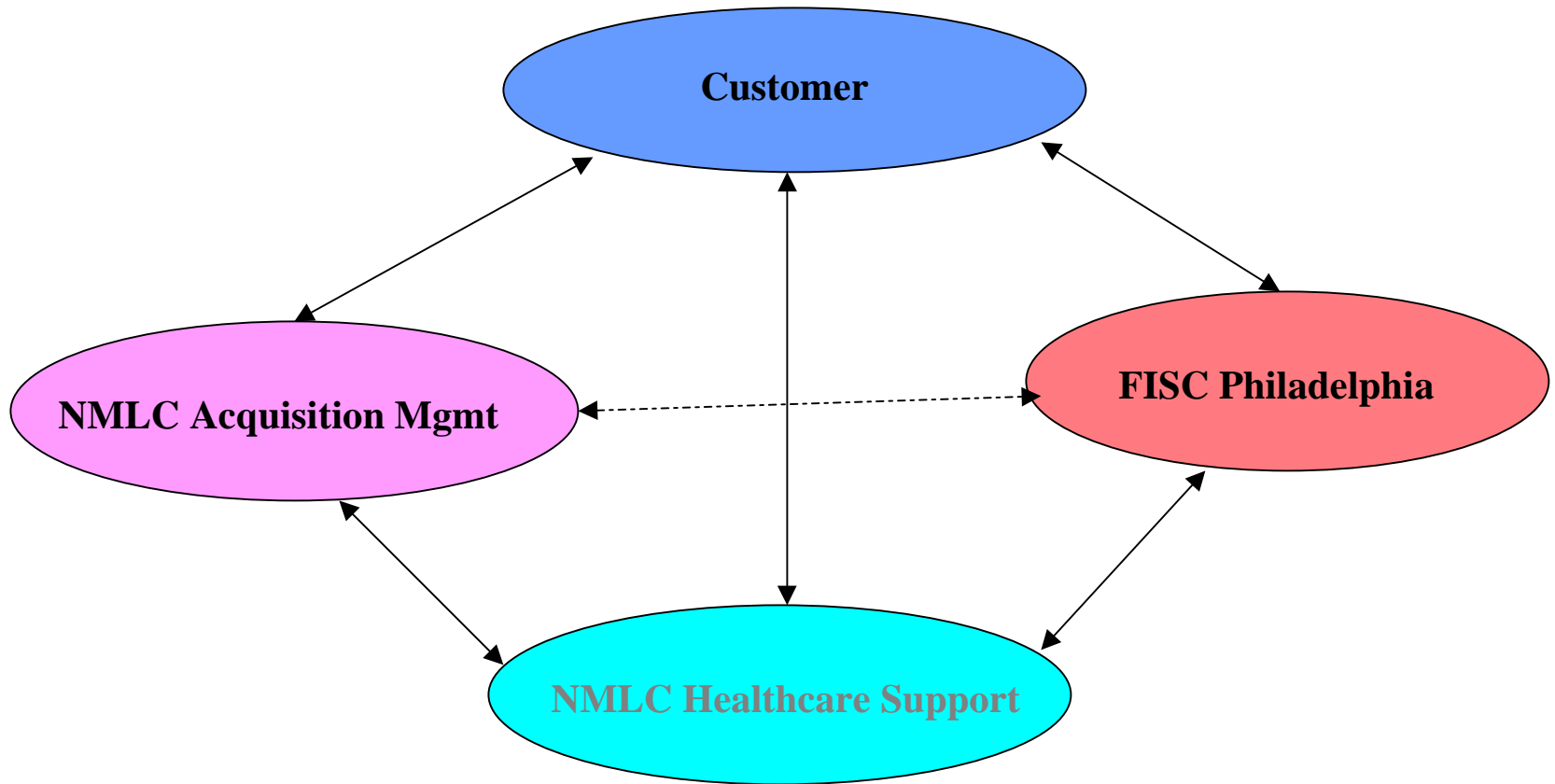


HEALTHCARE SUPPORT DEPARTMENT
ACQUISITION MANAGEMENT DEPARTMENT



NAVAL MEDICAL LOGISTICS COMMAND
FORT DETRICK
FREDERICK, MD 21702-5015

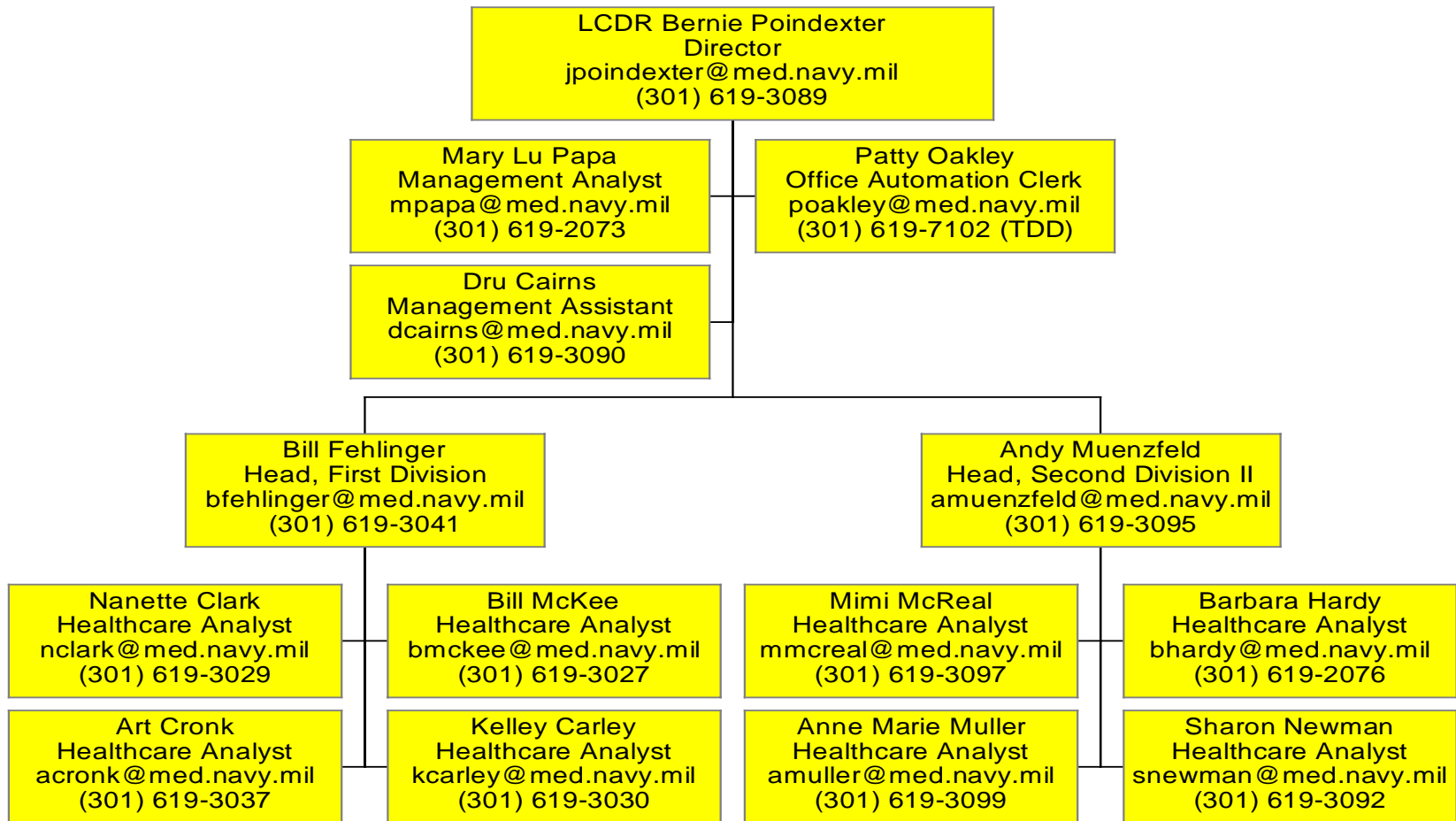
Navy Medical Contracting Team



HEALTHCARE SUPPORT DEPARTMENT

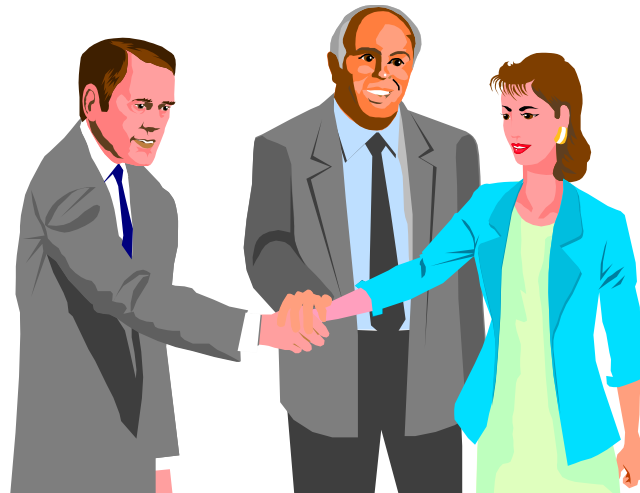
- ” COORDINATING BUMED'S HEALTHCARE CONTRACTING PROGRAM SINCE 1987
- ” DEVELOPS CONTRACT STATEMENTS OF WORK
- ” DESIGNS INTEGRATED HEALTHCARE DELIVERY SYSTEMS
- ” RESEARCHES AND ANALYZES HEALTHCARE DATA
- ” ASSISTS CUSTOMERS WITH CONTRACT PROCESS
- ” PROVIDES CUSTOMER EDUCATION

Healthcare Support Department



Navy medical contracting offices

- NAVMEDLOGCOM
 - Personal services
 - DoD Drug Program
 - Medical Equipment
 - Non-personal services administration
- FISC Philadelphia
 - Non-personal services
 - Medical Equipment

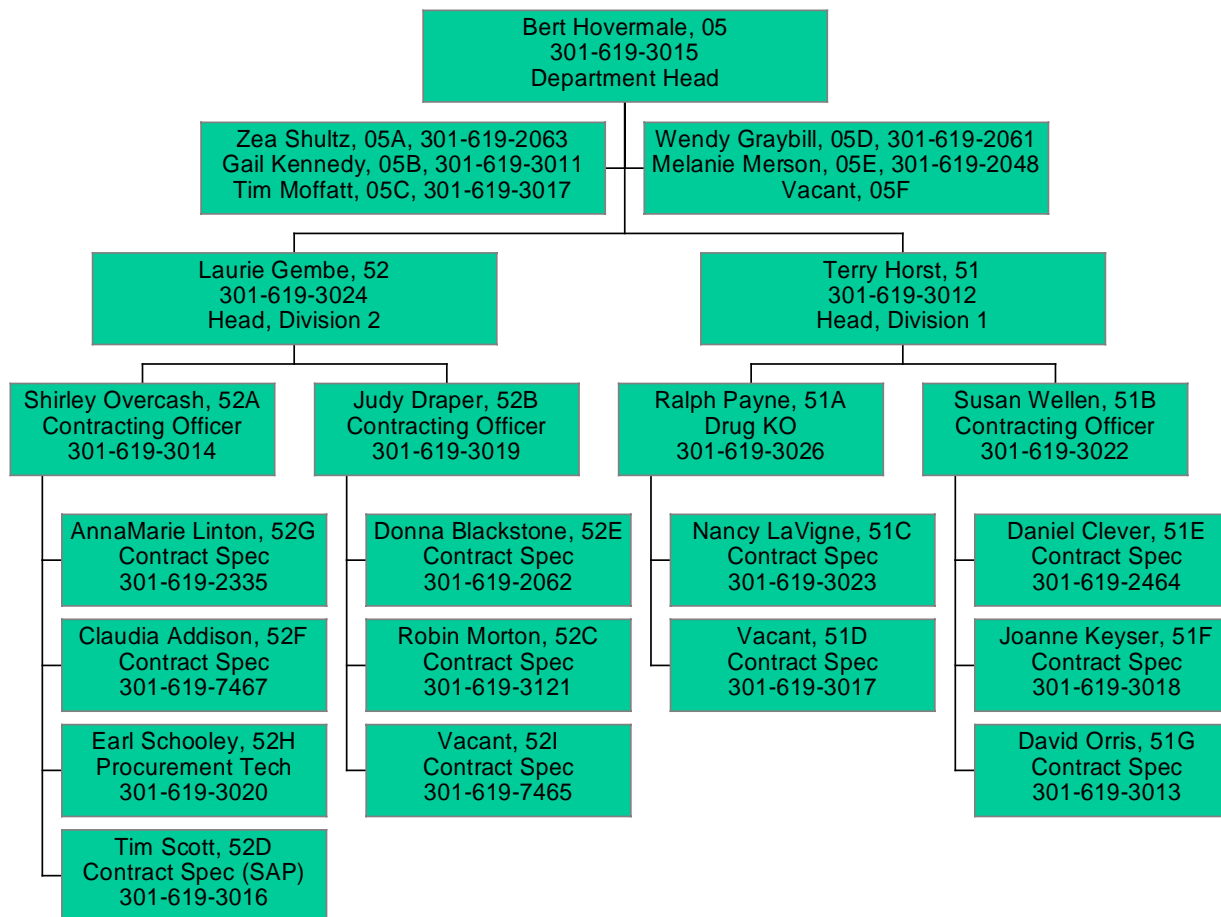


Acquisition Management Department

- ① Unlimited authority for personal services, medical equipment and medical supply requirements
- ① Provide contract support for the DoD drug program requirements
- ① Limited authority (\$100,000) for non-personal service requirements

NAVAL MEDICAL LOGISTICS COMMAND

Acquisition Management Department Code 05



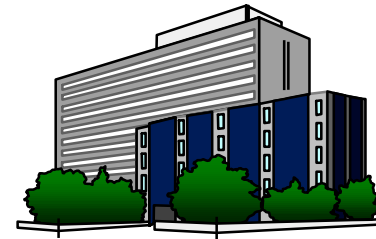
NMLC Contracting

- Contracts in place as of End FY-99

- 652 Contracts

- 1,624 FTEs

- \$983 MIL Value



- Physicians, Nurses, Ancillary Staff, Dentists, Hygienists, Dental Assistants,

VISIT US

Acquisition Management Department 

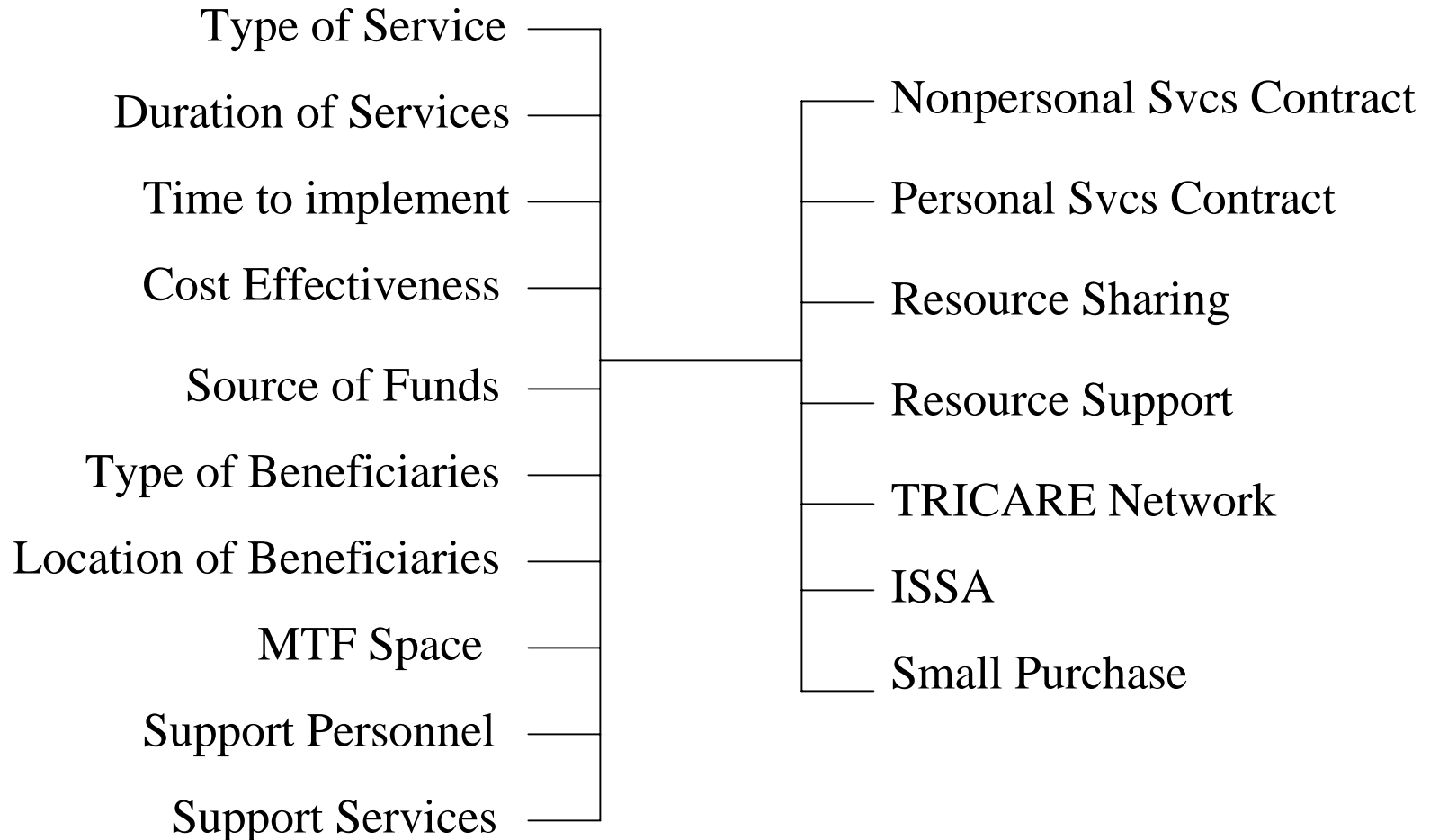
<http://www-nmlc.med.navy.mil/>

Healthcare Support Department 

OVERCOMING YOUR HEALTHCARE SHORTFALL

- 1. DEFINE THE PROBLEM**
- 2. ESTABLISH GOALS AND OBJECTIVES**
- 3. GATHER AND ANALYZE DATA**
 - A. REQUIREMENTS**
 - B. AVAILABLE RESOURCES**
- 4. IDENTIFY OPPORTUNITIES**
- 5. PROPOSE A STRATEGY**
- 6. OBTAIN FUNDING AND APPROVAL**
- 7. IMPLEMENT STRATEGY**

ALTERNATE STRATEGY DECISION CONSIDERATIONS



PERSONAL VS. NONPERSONAL

PWS states “how” (process)

Like government employees

Government supervision

Often integrated service

Clinical services only

GFP more likely

Pay cap

Gov’t liability umbrella

PWS states “what” (output)

Contractor employees

Contractor supervision

Government surveillance

Often segregated service

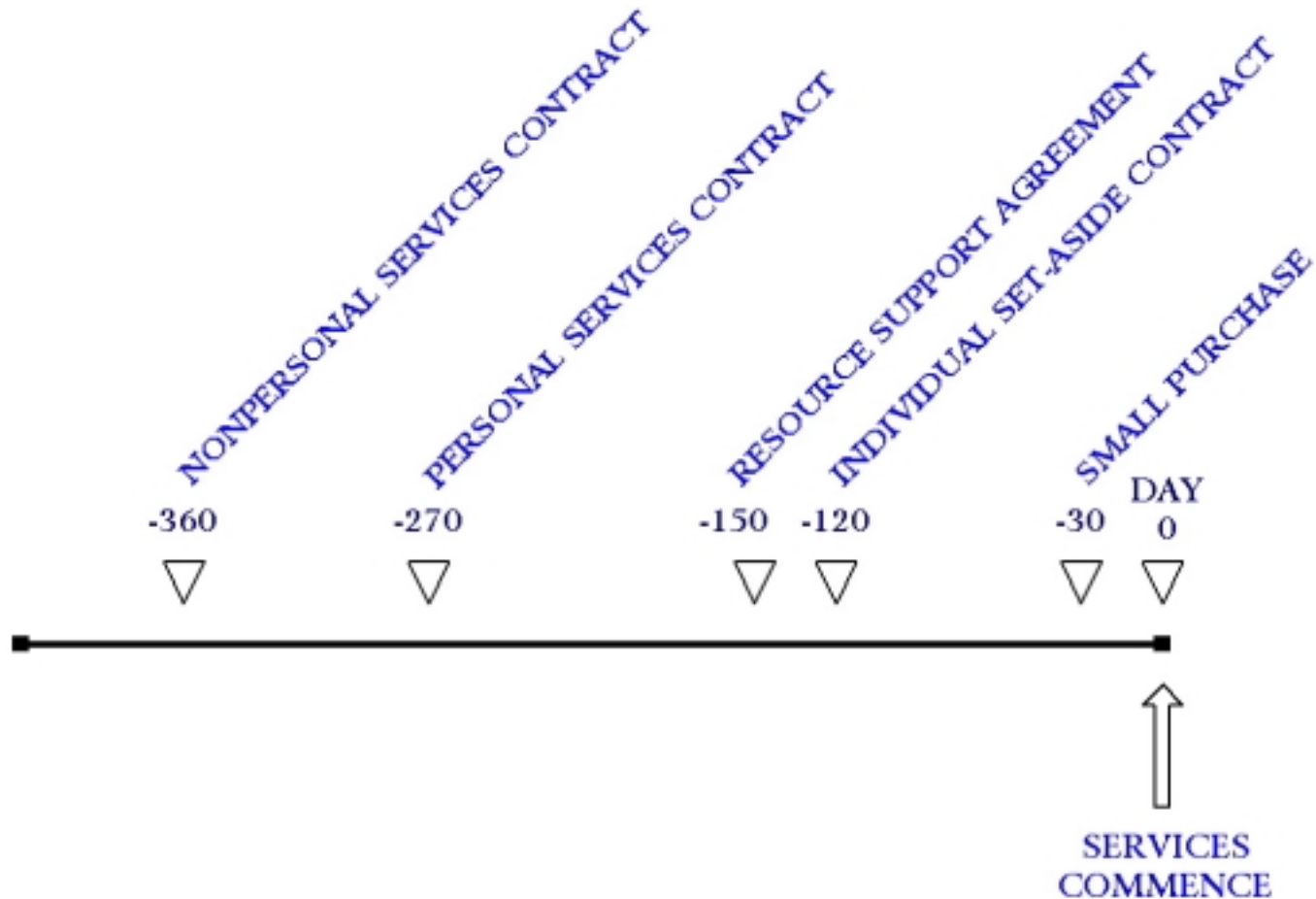
Clinical and support services

GFP less likely

No pay cap

Malpractice insurance

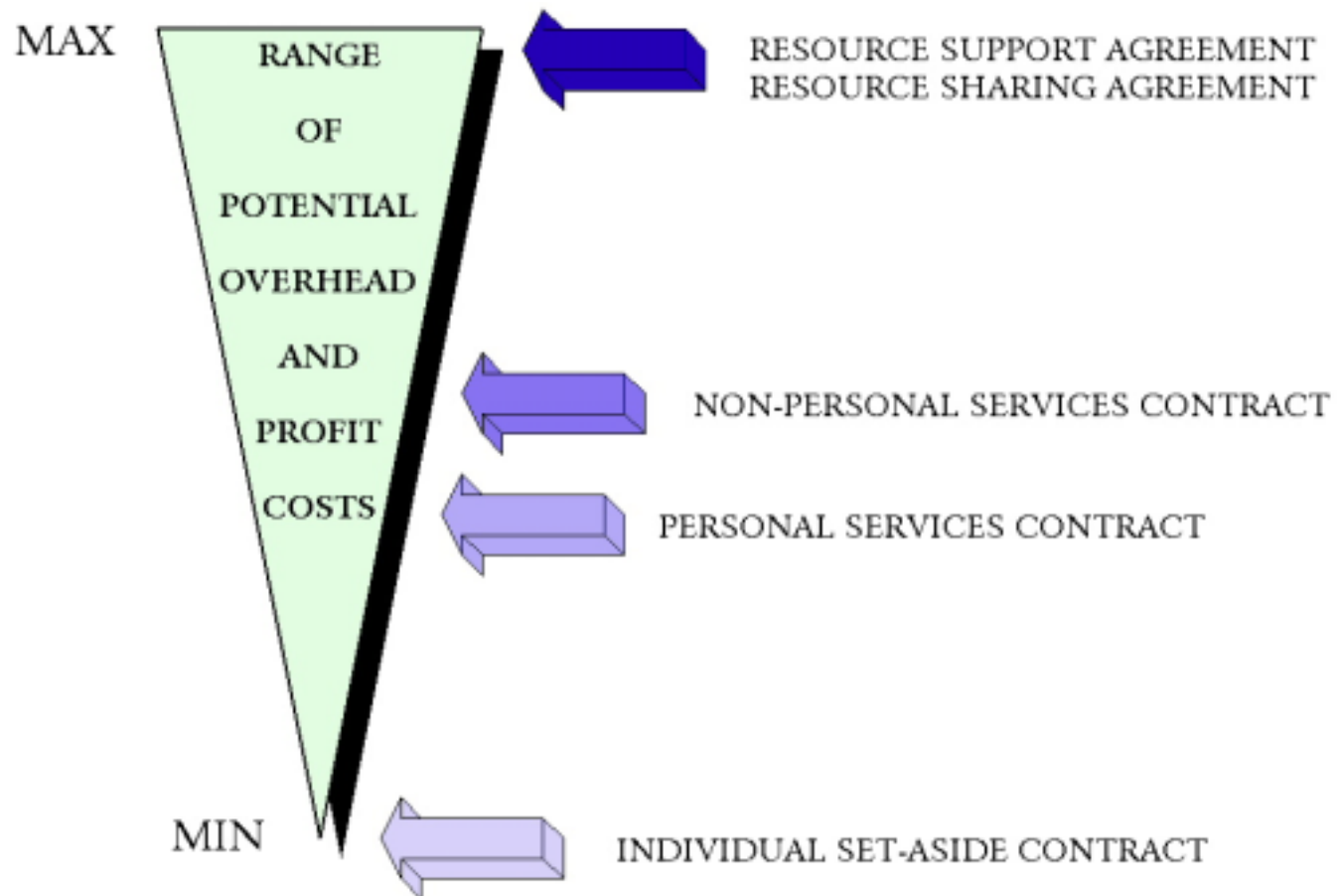
TIMELINE FOR ALTERNATIVE HEALTHCARE DELIVERY



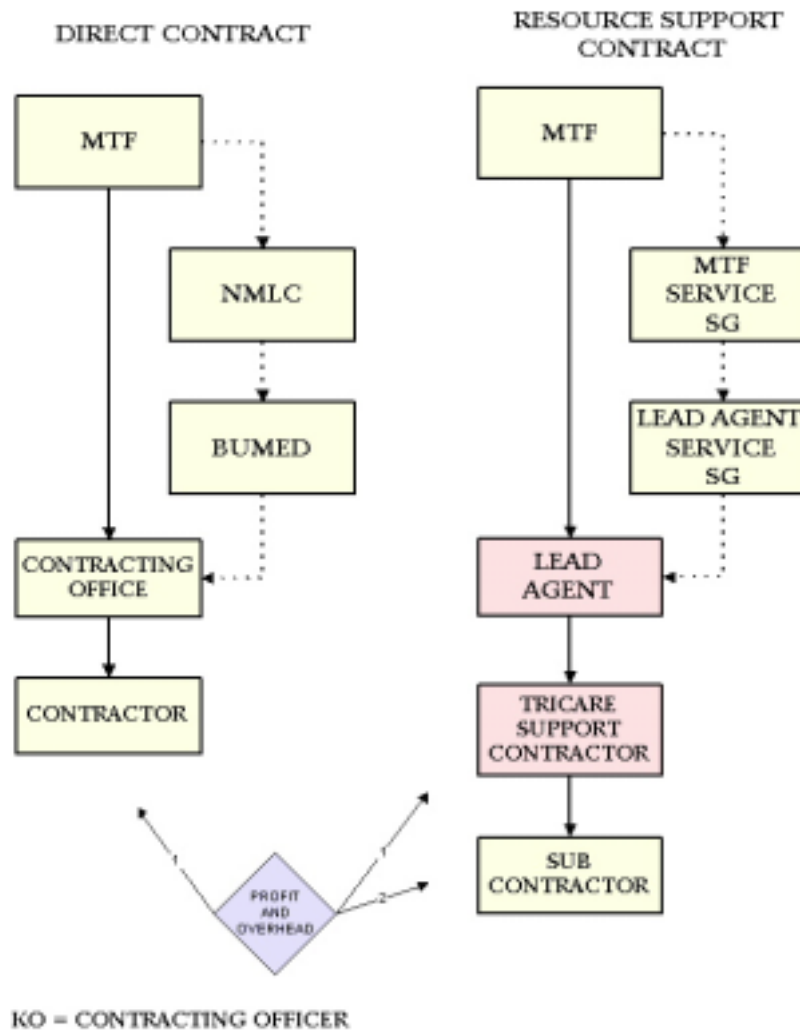
COST EFFECTIVENESS

- SOLE SOURCE VS. COMPETITION
- OVERHEAD AND PROFIT
- HIDDEN COSTS OF ADMINISTRATION
- BID PRICE ADJUSTMENTS

OVERHEAD AND PROFIT UNDER ALTERNATIVE DELIVERY



ADMINISTRATION AND COST CONSIDERATIONS



KEYS TO SUCCESS

- ☹ TIMELY PLANNING AND DECISIONS
- ☹ A DEFINED DECISION PROCESS
- ☹ A THOROUGH ANALYSIS OF THE MTF'S OVERALL DELIVERY STRATEGY
- ☹ ESTABLISHED PROJECT GOALS
- ☹ ADEQUATE DEFINITION OF REQUIREMENTS
- ☹ COORDINATION WITH SUBJECT MATTER EXPERTS
- ☹ GIVE THE DECISIONS A CHANCE TO WORK

PWS DEVELOPMENT

THINK PROCESS

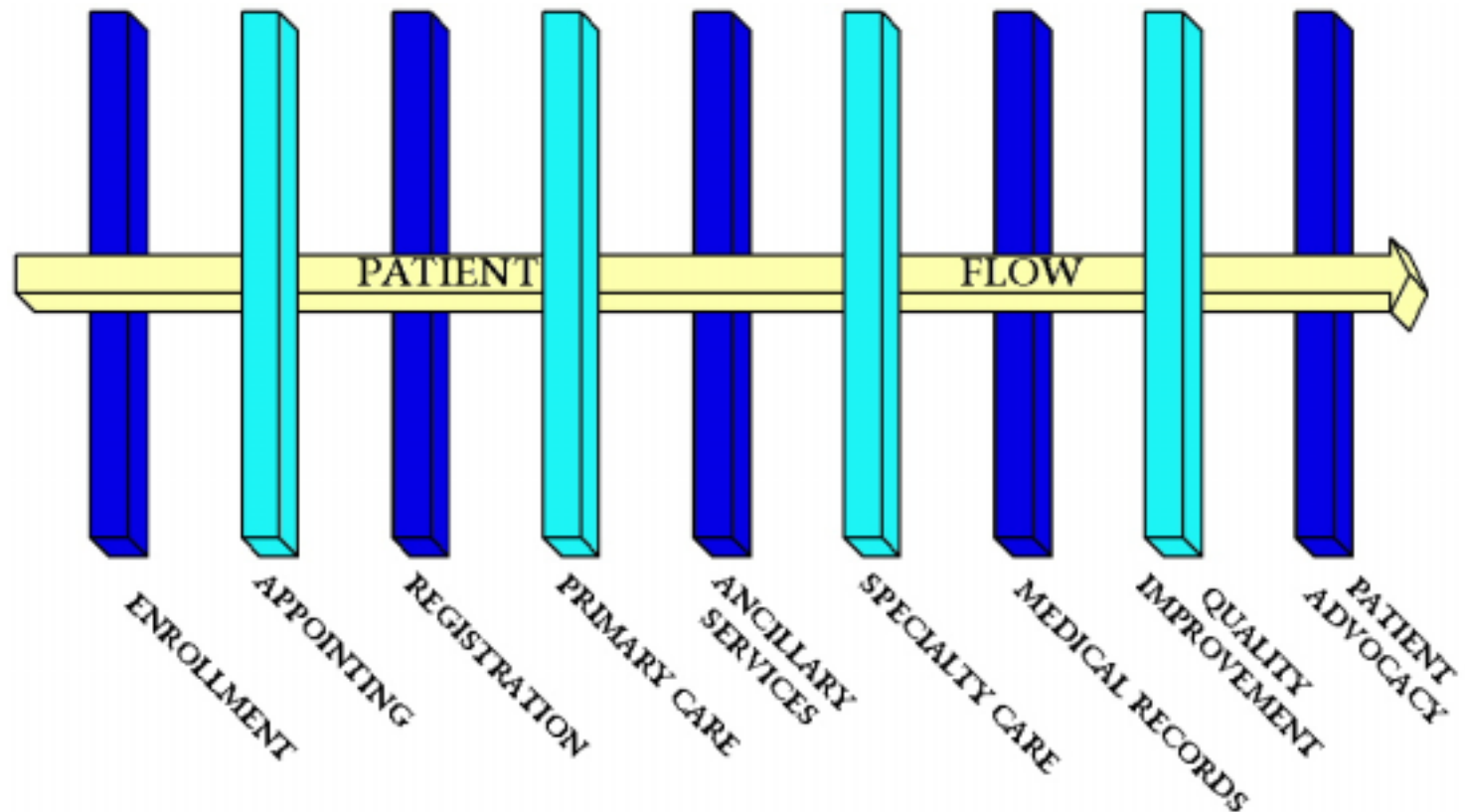
THINK PROCESS

THINK PROCESS

THINK PROCESS

THINK PROCESS

ANALYZING THE PATIENT FLOW PROCESS FOR ALTERNATIVE STRATEGY DEVELOPMENT



IMPORTANT PWS ATTRIBUTES

- ✎ SPECIFIC, COMPLETE, ACCURATE, CLEAR
- ✎ NOT TOO NARROW, NOT TOO BROAD
- ✎ OUTPUT ORIENTED
- ✎ ASK A MINIMUM, GET A MINIMUM
- ✎ INTERNALLY INTEGRATED
- ✎ SUPPORTS QUALITY
- ✎ APPROPRIATELY PRICED
- ✎ OVERALL, DOCUMENT CAN STAND ALONE

MORE ATTRIBUTES



CLEAR

- USE CONSISTENT HIERARCHAL NUMBERING
- USE SIMPLE LANGUAGE
- MAINTAIN PARALLELISM
- ENSURE CORRECT REFERENCES
- DEFINE TERMS
- BE CONSISTENT WITH USE OF TERMS
- AVOID REPETITION
- CONSOLIDATE REQUIREMENTS



CONTRACTOR SHALL/GOVERNMENT WILL



SHOULD, MAY, ANY, EITHER, AND/OR



SPELL CHECK

Clarity ????



The contractor will initiate and meet all contractual requirements, administrative and health-related, with sufficient lead time to complete all requirements, and any needed corrections, to meet the government's final approval, at least 45 days prior to contract performance initiate date.

Clarity #2 ????



To provide a helicopter made to operate as an air ambulance with specialized medical equipment for critically ill patients, with two engines, with the capacity to transport two patients at the same time, independent access for the patients from the back of the helicopter, that will be available for service twenty four (24) hours a day, seven days a week, except on those circumstances specified further on in this contract in regard to maintenance needs, weather conditions and/or that could affect the safety of the flight or in the event of unforeseen circumstances.

INFORMATION SOURCES FOR WORK STATEMENT DEVELOPMENT

- ✓ NAVMEDLOGCOM ANALYSTS
- ✓ EXISTING CONTRACTS
- ✓ POSITION DESCRIPTIONS
- ✓ EFFICIENCY REVIEWS
- ✓ IN-HOUSE EXPERTS
- ✓ INSTRUCTIONS

RESOURCE SHARING AGREEMENTS AND RESOURCE SUPPORT AGREEMENTS



Resource Sharing

THINK

Partnership
Agreement

MCSC \$\$

Resource Support

THINK

Direct Contract

DHP \$\$

TRICARE CONTRACTING MECHANISMS

- **RESOURCE SHARING AGREEMENTS**
 - **PLAN REQUIRED BY CONTRACT**
 - **MUTUALLY ACCEPTABLE AGREEMENTS**
 - **INTERNAL/EXTERNAL**
- **RESOURCE SUPPORT PROGRAM**
 - **TASK ORDER REQUIREMENT**
 - **NEGOTIATED PRICE**
 - **WITHIN THE MTF**
 - **REGIONAL DOLLAR LIMIT**

RESOURCE SHARING/SUPPORT COMMON FEATURES

- **PERSONNEL, EQUIPMENT, SUPPLIES**
- **SUPERVISION** **Administrative Supervision
Vs. Clinical Oversight**
- **CREDENTIALING** **By Appropriate MTF/Hospital**
- **LIABILITY** **Each Provider Within Scope**

RESOURCE SHARING AGREEMENT PARAMETERS

- **ANNUAL PLAN**
 - **COST ANALYSIS METHOD**
 - **ACTUAL COST, MTF AND CONTRACTOR**
 - **RESULTING SERVICE INCREASE**
 - **EFFECT ON BID PRICE ADJUSTMENT**
 - **NET SAVINGS, MTF AND CONTRACTOR**
 - **SPECIFIC COST ANALYSIS IN 30 DAYS**
- **WRITTEN AGREEMENTS**
- **RECORD KEEPING, REPORTING, AUDITING**

RESOURCE SUPPORT PROGRAM TERMS

- TASK ORDER:** CONTRACTING OFFICER'S DEFINITION OF THE GOVERNMENT'S REQUIREMENT, TO WHICH THE CONTRACTOR RESPONDS WITH A TECHNICAL PROPOSAL AND COST PROPOSAL WITHIN 30 DAYS FOR PERSONNEL AND 14 DAYS FOR EQUIPMENT AND SUPPLIES
- DELIVERY ORDER:** ISSUED BY CONTRACTING OFFICER TO INSTRUCT THE CONTRACTOR TO PROVIDE THE PERSONNEL OR ITEMS IDENTIFIED IN THE TASK ORDER, AT THE NEGOTIATED PRICE, WITHIN THE CONTRACT TIME FRAMES

RESOURCE SUPPORT PROGRAM PARAMETERS

- **PERSONNEL**
 - **PROVIDERS** 90 Days
 - **CLINICAL SUPPORT** 60 Days
 - **ADMIN SUPPORT** 60 Days
- **EQUIPMENT**
 - **MAINTENANCE RESPONSIBILITY** 48 Hours
- **SUPPLIES**
 - **LIMITED LIABILITY**

TASK ORDER DEVELOPMENT AND THE DELIVERY ORDER DECISION

- RSAs CONFER NO MAGICAL ABILITY TO ACQUIRE SERVICES WHICH HAVE NOT BEEN DEFINED.
- AN ADEQUATE DEFINITION OF THE WORK TO BE PERFORMED IS ESSENTIAL TO SUCCESSFUL, TIMELY, COST EFFECTIVE PERFORMANCE.
- A THOROUGH EVALUATION OF THE CONTRACTOR'S PROPOSAL, BOTH TECHNICAL AND PRICE, IS ESSENTIAL TO MAKING AN APPROPRIATE DELIVERY ORDER DECISION.

INDIVIDUAL SET ASIDE CONTRACTING

“Future Imperfect”

Individual Set Asides - ISAs

- Streamlined procedures to contract with individual health care workers
- Mirrors commercial practice
- Hundreds of ISAs in place - dental assistants to OB/GYN physicians

ISA Benefits

- Relatively short procurement lead time
- Selection based on quality of provider
- Lower cost (by avoiding corporate overhead and profit)

Recent changes

- Central Contractor Registration
 - can take up to 30 days to register
 - negates one of the benefits of ISAs
- Paperless acquisition 2000
 - all contractors must be capable of conducting web-based commerce by the year 2000

New development

- IRS ruling
 - ISA contractors are “employees”
 - Must withhold applicable taxes
 - Unsure if DFAS can/will comply
- States of California, Hawaii
 - Unemployment compensation

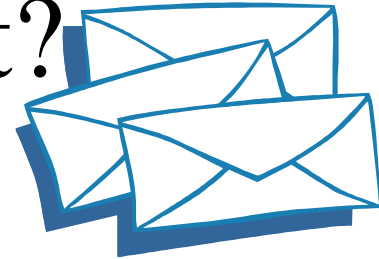
Result?

- Administrative burden on the health care worker/contractor will inhibit use
- ISAs may continue to be an effective contract vehicle for “high end” requirements

Multiple Award

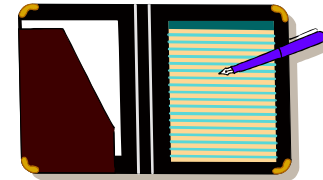
Task order contracts

What is a multiple award task order contract?



IDIQ = Indefinite Delivery, Indefinite Quantity

Min/Max levels defined



Services ordered via individual Task Orders

Competition assured under the “umbrella” contract

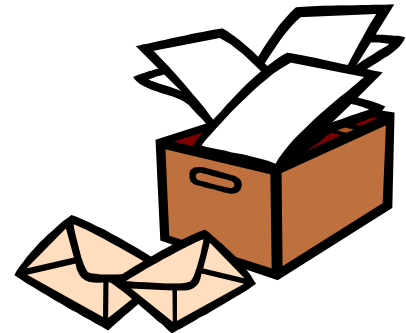
Selecting Contractors

Past performance



Management plan - specific to task order
contracting

Prices on initial quantities



Who will get each task order?



Contracting Officer has broad discretion to consider:

Price

Timeliness

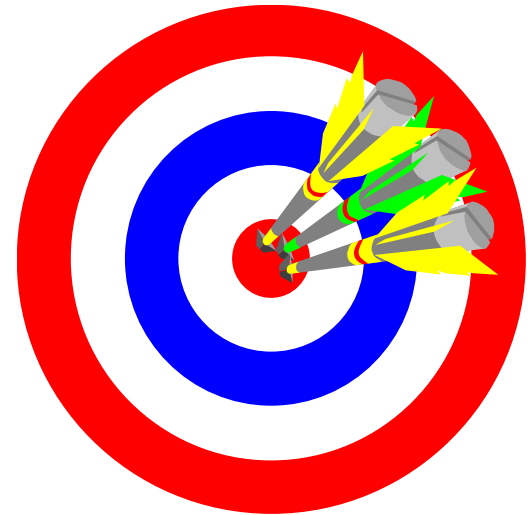
Technical Ranking

Past performance



Multiple award task order contracts

- Recommended by MHS Procurement Reengineering Work Group
- NMLC approach is regional, multi-vendor
- Flexible, fast, cost effective



MHS Procurement Reengineering Work Group

- Services, TMA, HA represented.
- Examined best business practices
- Recommendations:
 - Satisfy MCSC requirements first, then look to shared-use Multiple Award Task Order (MATO) contracts
 - Post shared use MATOs on a central website

NAVY APPROACH TO MATO

- Regional
 - Hub MTF/NDC and geographic area encompassing branch clinics
- Scope defined by broad practice disciplines
 - dental, primary care, ancillary care, radiology
- Multi-vendor
 - Compete for master contracts
 - Compete for task orders issued under master contracts
- Team approach for comprehensive support
 - specialty care, primary/ancillary care, admin support

MATO BENEFITS

- Fast
 - Task orders issued 70-90 days
- Flexible
 - Effort defined by each task order
- Cost effective
 - Dual competition ensures reasonable pricing
- Without sacrificing quality
 - Task orders competed on technical merit



Advantages over Individual Set-Aside type contracts

- Quicker award of task orders vs new ISA
- Personnel substitutions permitted
- Flexible/expandable
- Contractors' recruiting expertise for hard to fill locations
- Less administrative burden on healthcare workers, customer, contracting office

Advantages over Agency type contracts

Quicker award of task orders with the benefits of competition

Better prices and higher quality health care workers through use of two phase competition

Over-reliance on one contractor eliminated

So What?

Can this approach
coexist with
TRICARE?



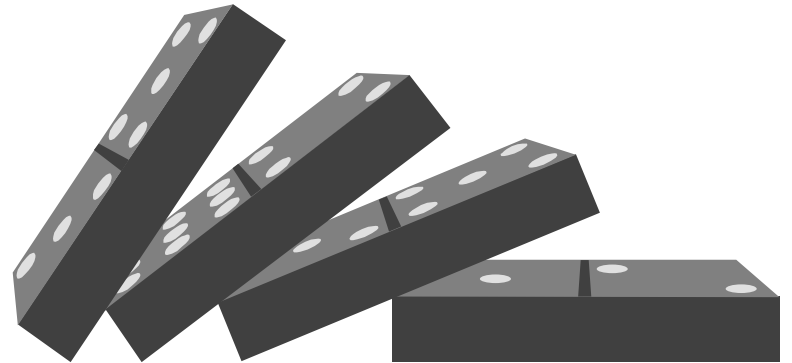
TRICARE Alternative Delivery Options

- Resource Sharing
 - CHAMPUS Recapture
 - Mutual Agreement
- Resource Support
 - Task Order Requirement
 - Negotiated Fixed Price



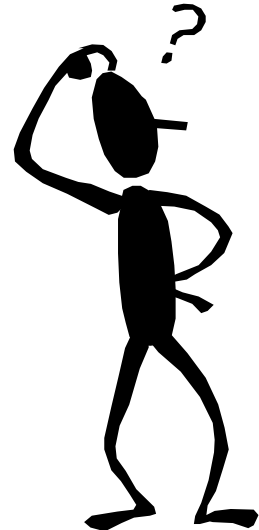
RSA Process

- Regional differences
- Minimum purchase requirements
- Coordinate with Lead Agent staff
- Follow prescribed procedures



Maybe an RSA won't work

- Sharing Agreement not mutually beneficial
- Contractor not interested in service
- No agreement on technical terms or workload credit
- Price too high
- Need personal services



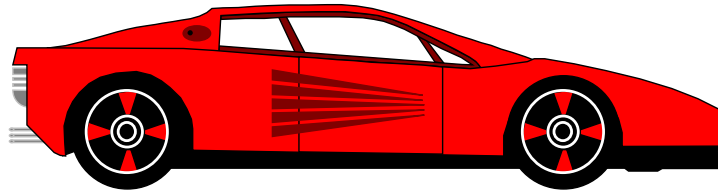
SATISFY REQUIREMENTS



SEEK BEST VALUE

BEST Competition VALUE

- Competition in Government contracting - a time honored tradition

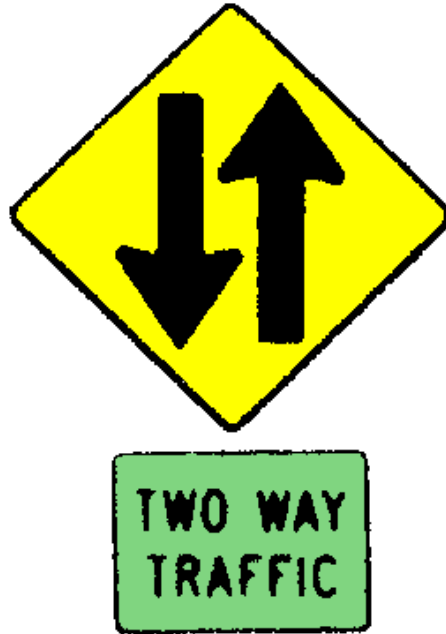


- Partnering and managing risk
- What will it cost?
- Our contractors have rights, too

Parallel Processing

Simultaneous Pursuit of:

A
DIRECT
CONTRACT



A
RESOURCE
SUPPORT
AGREEMENT

ADVANTAGES



WIDE COMPETITION ALLOWS
CONSIDERATION OF:

- Price
- Quality
- Delivery
- Ease of Administration
- Impact of Contract Type

RECOMMENDATIONS

- Consult Lead Agent
- Follow RSA Procedures
- Parallel processing of requirements
- Utilize Multiple Award Task Order Contracts

